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## NEWS RELEASE

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### **PSC APPROVES SETTLEMENT IN JACKSON ENERGY RATE CASE** *Rural cooperative receives requested increase*

FRANKFORT, Ky. (June 5, 2008) – The Kentucky Public Service Commission (PSC) has accepted a settlement that permits Jackson Energy Cooperative Corp. to raise its rates in order to increase its annual revenue by \$6.23 million, or about 9 percent.

The rate increase is intended to help Jackson Energy to stay within financial guidelines established by the Rural Utilities Service, the federal agency that provides financing to electric cooperatives.

Jackson Energy negotiated the settlement – which gives the cooperative about the amount of additional revenue it requested - with the Kentucky Office of Attorney General.

Jackson Energy applied to the PSC for the rate increase in December 2007. During the course of the PSC's examination of the application, the utility and the Attorney General negotiated a proposed settlement. The settlement was submitted to the PSC for review.

A public hearing on the proposed settlement was held April 15.

In today's order, the PSC said that it had determined that the rates proposed in the settlement are just and reasonable.

Under the settlement, residential customers will see their monthly customer charge increase from \$8.44 to \$9.50. The charge per kilowatt-hour of electricity (the amount used by a 100-watt light bulb in 10 hours) will increase from 7.77 cents to 8.56 cents.

For an average residential customer (one using 1,192 kilowatt-hours of electricity per month), the base rate portion of the total bill will rise by \$9.82, from \$101.02 to \$110.84. That is an increase of 9.7 percent.

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Rates for other classes of customers also were adjusted to better reflect the costs of serving those customers based on the amount of power they consume.

The new rates take effect June 6. Jackson Energy's last general rate increase took effect on May 21, 2001.

Jackson Energy has 51,500 customers in Jackson, Breathitt, Clay, Estill, Garrard, Laurel, Lee, Leslie, Lincoln, Madison, Owsley, Powell, Pulaski, Rockcastle and Wolfe counties. It purchases power from the East Kentucky Power Cooperative, Inc.

While accepting the financial terms of the settlement, the PSC rejected Jackson Energy's proposal to retroactively increase rates of depreciation on buildings, lines, equipment and other physical assets. The PSC ruled that putting those rates into effect as of Jan. 1, 2008, as proposed by Jackson Energy, would negatively affect the utility's financial condition.

Instead, the PSC ordered the new depreciation rates to take effect on July 1.

Today's order and other documents in the case are available on the PSC Web site, [psc.ky.gov](http://psc.ky.gov). The case number is 2007-00333.

The PSC is an independent agency attached for administrative purposes to the Department of Public Protection in the Environmental and Public Protection Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in the Commonwealth of Kentucky and has approximately 100 employees.